CHINA INCIDENT AND JAPAN

JAPAN'S POSITION IN THE CONFLICT
JAPAN'S ECONOMIC STRENGTH
JAPAN'S INTERNAL REACTION
CHINA INCIDENT SERIES—No. 3
MATSUOKA'S MESSAGE

On October 9, Mr. Yosuke Matsuoka, President of the South Manchuria Railway Company, released a message to the American public through the Associated Press in which he outlined in concise and impressing form, Japan's mission in Asia. In a nutshell, he retraces the lessons taught by history, the true significance of which China has yet to learn. Until then, there is little hope for inter-racial harmony and amity, and consequently, everlasting peace in the Far East.

So impressive and clear cut is the presentation of Japan's position by Mr. Matsuoka, that its reproduction here as a preface to this pamphlet, entitled "The China Incident and Japan," is felt most appropriate and befitting.

SPEAKING FOR NIPPON

At last Nippon is in for the final, for a knock-out decision; a once-for-all house cleaning of all tortuous tangles in the Sino-Nippon relations which have been plaguing the East for ages.

In 1904, she staked her national existence in a fight against Russia. But that was to beat back a nightmare avalanche from without—an affair around outer fences.

This time, she is dealing with a festering sore deep down within the bosom of Eastern Asia threatening her very life as well as those of all Asian races with sure and inescapable death. It is calling for heroic surgery: She has taken up her scalpel. She will permit no foreign interference whatsoever here.

Plainly, therefore, the present crisis is infinitely bigger and
more significant than the Russian war of thirty-three years ago.

One thing is clear even to a donkey running along an Asian highway:—a constant and hearty cooperation between the peoples of Nippon and of China, that and that alone can work out the destiny of Asia. Nobody knows this better than Nippon and she knows also that the two things poisoning the atmosphere between the two peoples are the drunken orgy of China's own war lords and politicians and the Red Communism eating into the heart of China from without. Nippon is out to-day to put a potter-field wooden cross over these common enemies of the Chinese people and of the lasting peace of Eastern Asia.

Nippon has no quarrel whatever with the people of China. Our treatment of the Chinese who are living in Nippon to-day, is the most convincing comment on this point. In Hokkaido, in northern Nippon, a Chinese committed suicide rather than be compelled to return to his own native home, a little over a month ago. The Chinese in Nippon were happy and well protected, enjoying all the freedom of a Nippon citizen even while the infamous Tungchou massacre was all over the front pages of our newspapers.

A historic fact dominates Asian scenes like a Fuji: namely: Without Nippon there can be no China.

Suppose Nippon had chosen to play safe and crawled into her shell on her own tight little island in the fall of 1904?

Suppose again that Nippon had gone down before the tidal-wave sweep of Russian adventure for her own Far Eastern Empire on the plains of Manchuria in the spring of 1905?

There would have been no Manchuria, for which the Chinese patriots froth at the mouth or the League of Nations denounce Nippon as an international robber. And in place of
the proud Republic of China, one would have had seen a crazy quilt of European colonies after the fond fancies of the author of the “Break-Up of China.”

No Nippon: No China.

For some mystic reason our Chinese friends in Nanking find it so convenient to forget this little fact.

We are free to admit that Nippon has been exceedingly annoying to her neighbour, China. Nippon is expanding. And what country in its expansion era has ever failed to be trying to its neighbours? Ask the American Indian or the Mexican how excruciatingly trying the young United States used to be once upon a time.

But Nippon’s expansion, like that of the United States, is as natural as the growth of a child. Only one thing stops a child from growing: death.

Geneva has been trying to pass this death sentence on Nippon since the Manchurian incident, masking it with tinsel phrases of pious hypocrisy. But Nippon does not seem amiable enough to die even for the sweet sake of Geneva-made peace.

China and Nippon are two brothers who have inherited a great mansion called Eastern Asia. Adversity sent them both down to the depth of poverty. The ne’er-do-well elder brother turned a dope fiend and a rogue, but the younger, lean, but rugged and ambitious, ever dreamed of bringing back past glories to the old House. He sold newspapers at a street corner and worked hard to support the house. The elder flim-flammed the younger out of his meager savings and sold him out to their common enemy. The younger in a towering rage beat up the elder—trying to beat into him some sense of shame and awaken some pride in the noble traditions of the great house. After many scraps, the younger finally made up his
mind to stage a show-down fight. And that is the fight now raging along the North China and Shanghai fronts.

"Nippon is fighting for loot and profit!" That is the refrain of all anti-Nippon propaganda the world over. It is an insult to plain arithmetic. Nippon has already spent billions of yen in the present crisis. The Imperial Diet a couple of weeks ago voted for more than two billion yen just to tide over a few months. The final total may reach fifty billions or more: who knows? Can a financial optimist anywhere conceive of Nippon getting back even two, three billion yen a year from China? And that amount would be a meager annual interest charges on the Nippon outlay for this present crisis. Absurd even to a primary school arithmetic class, all this fight-for-loot theory.

For what, then, is Nippon fighting?

She is fighting simply for her conception of her Mission in Asia. There is the whole answer.

She is fighting to keep Asia from becoming another Africa and, in particular, at the present moment, to save China from the death grip of Comintern. Just that.

Billions of yen, thousands of her young men's lives—all are offerings on the altar of her own conviction and aspirations. She is simply footing the bill which the leadership of Asian races calls for. No treasure trove is in her eyes—only sacrifices upon sacrifices. No one realizes this more than she does. But the very life of her own depends on it as those of her neighbours as well.

The all-absorbing question before Nippon today, therefore is: CAN SHE BEAR THE CROSS?
THE CHINA INCIDENT AND JAPAN

I. JAPAN’S POSITION IN THE CONFLICT

1. Japan and Anti-Japanism in China

Of all the questions which are vibrating through the international firmament of discussion since the outbreak of the current Sino-Japanese conflict, the most pertinent remains to be that which relates to the driving forces which led Japan into action.

Stripped of all details the current China Incident can be said to represent the over-due clash between Japan’s inevitable continental policy and China’s national policy of anti-Japanism as an ill-conceived pretext for national unification. The firm grasp upon these two driving forces in the two countries concerned is essential for proper understanding of the issues at stake.

Since the Manchurian Incident, Japan has been directing her entire effort on the continent in assisting the growth and development of Manchoukuo and in re-establishing friendly relations with China. Meanwhile, she has been witnessing a growing rivalry among nations of the world, especially in Europe, and the consequent reappearance of a heated armament race. Most noteworthy to Japan has been an amazing expansion of the Soviet war machine which, on the one hand, forced Japan to join hands with Germany for mutual defence against Communism, and, on the other hand, increased Japan’s concern in protecting her rights and interests in the Far East against Soviet threat. This concern naturally involved, in view of Japan’s vast interests in Manchoukuo, the assurance of peace
and order in North China as well as the security of Japan's rights and interests in the whole of China. In the face of this situation, however, China has deliberately singled out Japan in pursuing a decidedly hostile policy during recent years and has been slighting Japan's friendly overtures for peaceful negotiations with discourtesy and contempt.

It is obvious that Japan is much concerned over North China. It adjoins Manchoukuo geographically, and the people of North China and Manchoukuo, as neighbours, are most intimately tied to each other in communication and finance, and in the constant interchange of goods. Should the movements directed against Japan and Manchoukuo be tolerated there and become rampant, it is not necessary to stretch one's imagination very far to visualize that peace and order in Manchoukuo would be gravely menaced. Moreover, Japan's rights and interests in North China are closely related to the development and utilization of resources such as iron, coal and cotton, but hostile movements there would jeopardize those rights which are vital to Japan, especially in view of growing international unrest. Under these circumstances, it was only natural that Japan began to look at the affairs in North China with increasing concern. It was in the face of such a situation that the Nanking Government intensified anti-Japanism as a means of rallying the people in the interest of national unification and of expanding its own power thereby. In line with this policy, the Nanking Government has even gone so far as to demand Japan to give up her rights and interests in North China already described.

In this picture, one must not overlook both the peculiar nature and the true significance of the anti-Japanese movements in China. For, anti-Japanism in China in recent years, while it may be said to reflect in a way the popular national
consciousness nurtured by the general spirit of patriotism and anti-foreignism, is neither a spontaneous expression of the people's patriotic spirit nor an insatiable desire of the Chinese people in general. In other words, it is something which has been forced upon the people by the Nanking authorities.

The Nanking Government is a peculiar existence. Its authority is maintained, not through its indisputable strength and ability to govern the whole of China, but through an ingenious manipulation and combination of one-party bureaucracy, compradorism, and military dictatorship. Naturally, the only effective means available in keeping the centralized political power at Nanking is to camouflage its weakness which has found a ready slogan in "Kang-jih Chiu-kuo" or "Resist Japan and Save China," backed by China's age-old policy of "Yuan-chiao Chin-kung" or "Befriending Distant States and Antagonizing Neighbours" and the utilization of Western Powers.

Such being the background of the anti-Japanese movements in China, the Kuomintang leaders were faced with profound dilemma at the time of the outbreak of the current conflict. Indeed, men like Wang Chao-ming, Ho Ying-chin, H. H. Kung, T. W. Sung, and above all Generalissimo Chiang Kai-shek knew too well the comparative strength of the Japanese and Chinese armies and China's doomed defeat if she dared oppose Japan with arms. It is for this reason that outwardly they pretended to assume a strong stand but inwardly were hoping to avoid a general clash with Japan if it could be avoided at all.

It was at this juncture that a new force had entered the Nanking circles and began to manipulate public opinion. It was the pro-Soviet force, represented by such strong leaders like Feng Yu-hsiang, Sun Fo, and Li Lieh-chun. They were
quite aware of Chiang's weakness and planned to embarrass him by insisting upon the adoption of a strong anti-Japanese policy. Behind them stood, of course, the crafty figure of the Comintern with its ulterior motive of communizing China.

The anti-Japanese movements, launched to strengthen the Chiang dictatorship at Nanking, however, were already beyond Chiang's control. Its propaganda contaminated even the innocent school children and bred among young officers of Chiang's own army a blind confidence to fight Japan. In short, the Nanking leaders have been playing with Japanese patience a bit too long and have awakened to discover that it is next to impossibility to undo a broken egg. And thus the curtain was raised upon the tragic drama of an armed conflict. It may be added here with emphasis that the wide-awake Generalissimo did not forget to strengthen his own political power in planning the campaign and wisely maneuvered to annihilate his provincial enemies, especially the armies of Yen Hsi-shan, Han Fu-chu, Li Sung-jen, and Pai Chung-hsi, by mobilizing and sending them to the first line of fighting. This was indeed a "two-birds-with-one-stone" policy but, alas, the foxy local warlords knew too well Chiang's deceiving manipulations.

Such was the internecine but ingenious hand of the Comintern which successfully forced the Compradore Government at Nanking to shift from the capitalistic influence of the Powers to the control of the Red Popular Front. Such also was the masterly China policy of the Soviet Union. And thus China and Soviet Russia began to walk hand in hand as far as the anti-Japanese movements in China were concerned.

The Chinese Communist Party had been tirelessly working toward this end for some time. By 1935, its machinations were so successful that it issued on August 1, a memorable manifesto under the title of "Anti-Imperialism of the Chinese
Communist Party and Anti-Japanese National Salvation.” It openly advocated in this manifesto a policy of cooperation with the Nanking Government and of widening the popular front for immediate anti-Japanese resistance. From that date on, it intensified its efforts, on the one hand, in trying to nourish Chiang’s anti-Japanese strength by arousing racial hatred among the masses and, on the other hand, in planning for an inevitable collision between Tokyo and Nanking as it knew too well that there would be a limit to Japan’s patience under constant provocations. Behind this delicate manoeuver, needless to add, was the Soviet Far Eastern policy of both solidifying the Soviet position in China and attaining realization of its own military program by bringing about the weakening of Japan’s Soviet policy through a Sino-Japanese clash. The Sian coup d’état staged by Chang Hsueh-liang was merely an episode in this masterly Comintern manoeuver. In the dramatic negotiations which followed to save the Generalissimo, while the British part was undeniably noticeable, the fact remains that Chou Ssu-lai, the chief “brain” of the Chinese Communist Party, was active in bridging the group represented by Chang Hsueh-liang and Yang Hu-cheng and the Nanking Government represented by T. W. Sung, thus clearly demonstrating the Red initiative involved in the affair. It was on account of such a clear-cut background that the Japanese Government, in spite of its extreme patience and determined desire for peaceful negotiations, found it impossible to reach a solution, not even a compromise of any kind.

When the North China Incident finally broke out, the Nanking Government unhesitatingly liberated seven imprisoned leaders of the Chinese Communist Party, including Shen Chun-ju, Wang Tsao-shih, Shih Liang, and Chang Nai-chi, transformed the Communist armies under the command of Chu-Te
and Mao Tse-tung into a wing of the anti-Japanese units, and concluded a non-aggression treaty with Soviet Russia on August 21. China was thus placed under the complete domination of the Soviet Union. Foreign Commissar Litvinoff denied the existence of any Sino-Soviet secret agreement but the Kokutsu (Manchoukuo News Agency) on September 24, reported from Shanghai the seriousness with which the Nanking Government was studying the draft treaty of Sino-Soviet mutual assistance. The draft treaty is reported as follows:

1. China and the Soviet Union will establish a joint defence committee against Japan, with headquarters at Ulanbator, Outer Mongolia.

2. Nanking and Moscow will cooperate in every way to attain as fully as possible these objectives:
   a. International trouble will be created in either Europe or the Far East in order to render useless the Japan-Germany Anti-Comintern Agreement.
   b. The two countries will strive to scatter as much as possible the Japanese forces, through action on the Soviet-Manchoukuo border, the Manchoukuo-Outer Mongolian border, and the North, Central and South China fronts.
   c. The Comintern will work to disturb thought in Japan.
   d. Guided by the Comintern, guerilla fighting will be taken up to undermine the Japanese military operations.
   e. To attain these objectives, the Soviets will take charge of operations in North China and along the Manchoukuo borders. Central and South China, with Shanghai as the center, will be under Chinese control.

3. The Soviet Union will supply China with volunteer soldiers and technical advisers, as well as arms and ammunition in case of need. This will be done on the following lines.
   a. China will deposit half of what it owes the Soviet Union in the State Bank of the U. S. S. R. to pay for the arms and ammunition it receives.
b. China will pay fixed sums to the soldiers and technical advisers supplied by the Soviets. The Soviet Union shall insure their lives in the "gosstrah" (Soviet State Insurance Bureau).

c. The first installment of munitions will be delivered to the Chinese between the end of September and the first of December. It will be transported via Outer Mongolia and Sinkiang.

d. The first shipments will consist of 362 airplanes of various types; 100 anti-aircraft guns; 200 pieces of field artillery; 120,000 rounds of cannon balls; 150,000 rifles; 60,000,000 rounds of ammunition; 100 tanks; 1,500 anti-aircraft machine-guns; 2,500 motor cars and cycles; 5,000 horses and 2,000 carts.

4. In exchange for Soviet assistance, China will promise to carry out the following undertakings:

a. The Comintern is to be permitted full freedom of activity in China.

b. China will grant to Moscow full freedom of political and economic activity in Outer Mongolia and in any consequences.

c. Nanking gives Moscow the right to build a railway connecting Outer Mongolia, Sinkiang and China Proper. China will later make other concessions in North China.

d. If and when the anti-Japanese move ends in success, China promises to drive out, with Soviet assistance, all other foreign political influences now active in China.

It was through such circumstances that the Nanking policy of opposing and oppressing all Japanese activities in China underwent a complete change in tactics, from the reliance upon and manipulation of Western Powers to the more malignant and ferocious anti-Japanism under the Red influence. The Red influence, in fact, has deliberately sacrificed China before the mischievous god of anti-Japanism and signs of transforming her into a second Spain are already in evidence.
2. Japan's Demands upon China

In facing the current China Incident, Japan's most fundamental demand upon China is a just understanding by the Chinese people of the inevitability of Japan's continental policy.

It is a well known maxim of physics that a force seeking expansion, when suppressed all around, will inevitably break out at the weakest point of resistance. Fundamentally, Japan's continental policy has been similarly propelled, not by any luxurious aspirations for additional territory, but by an inevitable social necessity. It can not, and must not, be compared, therefore, with the conquest of extensive colonies staged by the leading Western Powers in the not distant past. By deliberately ignoring the true significance of the Japanese policy and branding it simply as militaristic or imperialistic, China is merely courting disaster upon herself.

Consider for a moment, then, Japan's inevitable necessity of expansion. Her population is increasing at the rate of about one million a year. This expanding power can be mitigated only by emigration abroad and increase of exports. Unfortunately for Japan, however, both of these roads are closed against her. And, under the present international setting, China is the only country toward which Japan's expansion can be directed naturally. Such being the case, China is Japan's inevitable life line and any attempt to check Japan therefrom is a physical impossibility.

Yet, Japan is not asking China to recognize this physical inevitability unconditionally. Japan has historical basis in asking China for cooperation in facing such a physical inevitability.

It is not necessary to recount here what China's international position was at the time of the Sino-Japanese War or the Russo-Japanese War and through the two decades leading
to the emergence of Manchoukuo. Any one who is familiar with the history of the Far East since the closing decade of the last century can not overlook the telling fact that, not only has China been completely impotent in preventing the inroad of Western imperialism, but she has shown no capacity to contribute anything toward the maintenance of peace in the Far East. Rather, she has been the cause of disturbances, in one way or another, through the past fifty years. Indeed, where is the country, if Japan is excepted, which can wholeheartedly maintain stability in the Orient and which is willing to pay even the greatest of sacrifices in the name of its prosperity? Where would China be if it weren't for Japan? And yet, China proposes to deny all such historical facts. She proposes to ignore, in line with the same policy, the very fact that it is the result of Japan’s historical advocacy which has assumed concrete form in the establishment of Manchoukuo and the North China agreements in her defence. Thus, the “Tangku Agreement” of May, 1933, and the “Umezu-Ho Agreement” of May, 1935, both concluded between Japan and China as an aftermath of the Manchurian Incident, have been trampled one after another under China’s feet on account of her erroneous conception of Japan and her self-styled overconfidence. How can Japan, after paying more than her share of sacrifices in the name of peace in the Far East during the past fifty years, remain unconcerned with such an attitude of mind?

In the second place, Japan, for the purpose of promoting mutual development, advocates the necessity of both attaining intimate political and cultural relationship and strengthening the mutual economic tie between the two neighbours. Japan has been playing an important role in the economic development of China in the past and is destined to do so in the
future. Take for example Japan's contributions in the field of China's foreign trade. As the following tables* show, Japan has occupied a leading position, second only to the United States, in her trade relationship with China since 1934:

China's Foreign Trade, 1934–36

1. Imports (Unit: 1,000,000 Chinese dollars)

<table>
<thead>
<tr>
<th>Countries</th>
<th>1934 Amount</th>
<th>1934 Percentage</th>
<th>1935 Amount</th>
<th>1935 Percentage</th>
<th>1936 Amount</th>
<th>1936 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.A.</td>
<td>271.7</td>
<td>26.2</td>
<td>174.9</td>
<td>18.9</td>
<td>185.5</td>
<td>19.6</td>
</tr>
<tr>
<td>Japan</td>
<td>126.8</td>
<td>12.2</td>
<td>139.6</td>
<td>15.1</td>
<td>153.5</td>
<td>16.3</td>
</tr>
<tr>
<td>Germany</td>
<td>93.4</td>
<td>9.0</td>
<td>103.4</td>
<td>11.2</td>
<td>150.2</td>
<td>15.9</td>
</tr>
<tr>
<td>England</td>
<td>124.6</td>
<td>12.0</td>
<td>98.2</td>
<td>10.6</td>
<td>110.5</td>
<td>11.7</td>
</tr>
<tr>
<td>Total</td>
<td>616.5</td>
<td>59.4</td>
<td>516.1</td>
<td>55.8</td>
<td>599.7</td>
<td>63.5</td>
</tr>
<tr>
<td>Grand total (including others)</td>
<td>1,038.9</td>
<td></td>
<td>924.7</td>
<td></td>
<td>944.5</td>
<td></td>
</tr>
</tbody>
</table>

2. Exports (Unit: 1,000,000 Chinese dollars)

<table>
<thead>
<tr>
<th>Countries</th>
<th>1934 Amount</th>
<th>1934 Percentage</th>
<th>1935 Amount</th>
<th>1935 Percentage</th>
<th>1936 Amount</th>
<th>1936 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.A.</td>
<td>94.4</td>
<td>17.6</td>
<td>136.4</td>
<td>23.7</td>
<td>186.3</td>
<td>26.4</td>
</tr>
<tr>
<td>Japan</td>
<td>81.2</td>
<td>15.2</td>
<td>82.0</td>
<td>14.2</td>
<td>102.3</td>
<td>14.5</td>
</tr>
<tr>
<td>Germany</td>
<td>19.1</td>
<td>3.6</td>
<td>28.9</td>
<td>5.0</td>
<td>39.1</td>
<td>5.5</td>
</tr>
<tr>
<td>England</td>
<td>49.8</td>
<td>9.3</td>
<td>49.4</td>
<td>8.6</td>
<td>64.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Total</td>
<td>244.5</td>
<td>45.7</td>
<td>296.7</td>
<td>51.5</td>
<td>392.5</td>
<td>55.6</td>
</tr>
<tr>
<td>Grand total (including others)</td>
<td>535.7</td>
<td></td>
<td>576.3</td>
<td></td>
<td>706.8</td>
<td></td>
</tr>
</tbody>
</table>

* Figures from the Chinese Customs Reports.

In the amount of investment in China, Japan occupies a similar dominating position, this time second only to that of England. According to investigations made by Prof. C. F. Remer, the leading foreign investments in China, including government loans, at the end of 1931 were distributed as follows (in 1,000,000 U.S. dollars):

<table>
<thead>
<tr>
<th>Countries</th>
<th>Investments</th>
<th>Government Loans</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>1,189.2</td>
<td>225.8</td>
<td>36.7</td>
</tr>
<tr>
<td>Japan</td>
<td>1,136.9</td>
<td>224.1</td>
<td>35.1</td>
</tr>
<tr>
<td>U.S.S.R.</td>
<td>273.2</td>
<td>—</td>
<td>8.4</td>
</tr>
</tbody>
</table>
If we consider the significance of investments in China in their relations with the investing country, however, the importance of Japanese investments in China is found to be beyond comparison with those of England. Again, according to Professor Remer, the percentage of investments of various Powers in China with respect to total investments abroad is as follows: England, 5.9%; U. S. A., 1.2%; France, 4.8%; Germany, 4.3%; and Japan, 81.9%. These figures eloquently show that Japan’s investments abroad are almost entirely concentrated in China, whereas the major investments of other leading Powers are allocated elsewhere, other than in China. Herein lies the additional meaning of Japan’s claim that China is Japan’s life line. The most intimate character as well as the mutuality of the economic relations between Japan and China thus shown, in spite of Nanking sponsored anti-Japanese movements and boycott of Japanese goods, is and should be the most important factor in deciding the future course of Sino-Japanese relations.

Japan only desires that China clearly understand such intimate relationship between the two countries, strengthen the concert of action with Japan as the stabilizing force in the Orient, and cooperate fully for the establishment of permanent peace in the Far East. For this purpose, the Nanking Government must first of all liquidate its contradictory policy of using anti-Japanese movements as a means of mitigating the frictions arising between China and international vested interests. It must also purge China of all intrigues which are
carried on by the Red Popular Front under the guise of anti-Japanese movements.

II. JAPAN'S ECONOMIC STRENGTH

Japan's every hope to localize the Lukowkiao incident was frustrated by the Chinese and the field of Sino-Japanese conflict gradually expanded over a wide area. To meet this growing need, the Japanese Government obtained the sanction of the Imperial Diet for a total appropriation to date of ¥ 2,540,000,000, ¥ 520,000,000 by the Special (71st) Session and ¥ 2,020,000,000 by the Extra (72nd) Session, and announced its willingness to meet additional expenses in case of prolongation of the conflict. Compared with ¥ 200,000,000 expended in the Sino-Japanese War and ¥ 1,450,000,000 in the Russo-Japanese War, the total appropriations to date indicate both the tremendous development of Japan's economic strength since those two Wars and the degree of her determination in facing the current China Incident.

The financial position of the Japanese Government is admittedly none too bright. The public debt already exceeds ¥ 10,000,000,000 and now an enormous military expenditure of ¥ 2,540,000,000 is added with every prospect for additional emergency expenditures. Whether Japan can bear such a heavy financial burden at this time or not, is the question which is uppermost in the mind of many a critic, both in Japan and abroad. All the more, the Chinese propagandists have not missed the opportunity of spreading pessimistic views on the subject. The whole question is vital enough to demand serious inquiry.

That modern warfare consumes enormous expenditure has been conclusively shown by the late World War. Following are the appalling figures for the six leading countries in that War:
These gigantic military expenditures are met by the general mobilization of the economic strength of respective nations and depend upon people's savings, people's income, and national wealth. Naturally there is a limit to the capacity to meet any large-scale military expenditures and, when such a limit is passed, the living power of the people is destroyed, social insecurity is precipitated by the shortage of commodities, and the continuation of war is made impossible. Thus, in order to conduct war effectively for a long period, it becomes absolutely necessary that efforts to stabilize the living conditions of the people should accompany the appropriation of military expenditures. In other words, military expenditures which will not destroy the living conditions of the people constitute the maximum capacity of the war-time national financial strength which is at the same time the maximum economic capacity to execute war. What then is the maximum capacity?

The late World War has shown us the following results:

(1) Percentage of War Expenditures in Relation to National Wealth

<table>
<thead>
<tr>
<th>Countries</th>
<th>National Wealth</th>
<th>War Expenditures</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>16,000,000,000 pounds</td>
<td>7,463,769,000 pounds</td>
<td>46.6%</td>
</tr>
<tr>
<td>France</td>
<td>256,500,000,000 francs</td>
<td>148,289,544,000 francs</td>
<td>57.7%</td>
</tr>
<tr>
<td>Italy</td>
<td>100,000,000,000 lires</td>
<td>41,852,000,000 lires</td>
<td>41.8%</td>
</tr>
<tr>
<td>Russia</td>
<td>120,000,000,000 roubles</td>
<td>54,098,500,000 roubles</td>
<td>45.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>310,000,000,000 marks</td>
<td>139,342,342,000 marks</td>
<td>44.9%</td>
</tr>
<tr>
<td>Austria</td>
<td>225,000,000,000 kronen</td>
<td>84,434,000,000 kronen</td>
<td>37.6%</td>
</tr>
</tbody>
</table>
(2) Percentage of War Expenditures in Relation to People’s Income

<table>
<thead>
<tr>
<th>Countries</th>
<th>Annual Income</th>
<th>Average Annual War Expenditures</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>2,300,000,000 pounds</td>
<td>1,756,176,000 pounds</td>
<td>76.0%</td>
</tr>
<tr>
<td>France</td>
<td>37,000,000,000 francs</td>
<td>32,548,760,000 francs</td>
<td>88.0%</td>
</tr>
<tr>
<td>Italy</td>
<td>11,000,000,000 lires</td>
<td>7,503,266,000 lires</td>
<td>68.2%</td>
</tr>
<tr>
<td>Russia</td>
<td>15,000,000,000 roubles</td>
<td>13,527,150,000 roubles</td>
<td>92.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>40,000,000,000 marks</td>
<td>34,144,787,000 marks</td>
<td>85.5%</td>
</tr>
<tr>
<td>Austria</td>
<td>25,000,000,000 kronen</td>
<td>18,178,160,000 kronen</td>
<td>72.7%</td>
</tr>
</tbody>
</table>

(3) Percentage of War Expenditures in Relation to People’s Savings

<table>
<thead>
<tr>
<th>Countries</th>
<th>Annual People’s Savings</th>
<th>Average Annual War Expenditures</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>370,000,000 pounds</td>
<td>1,756,176,000 pounds</td>
<td>468.3%</td>
</tr>
<tr>
<td>France</td>
<td>6,000,000,000 francs</td>
<td>32,548,760,000 francs</td>
<td>559.0%</td>
</tr>
<tr>
<td>Italy</td>
<td>1,800,000,000 lires</td>
<td>7,503,266,000 lires</td>
<td>416.6%</td>
</tr>
<tr>
<td>Russia</td>
<td>2,500,000,000 roubles</td>
<td>13,527,150,000 roubles</td>
<td>541.1%</td>
</tr>
<tr>
<td>Germany</td>
<td>6,500,000,000 marks</td>
<td>34,144,787,000 marks</td>
<td>525.2%</td>
</tr>
<tr>
<td>Austria</td>
<td>4,000,000,000 kronen</td>
<td>18,178,160,000 kronen</td>
<td>454.5%</td>
</tr>
</tbody>
</table>

In the World War, then, the Powers bore war expenditures amounting to 46% of their national wealth on the average, 81% of the people’s income and five times the people’s savings on the average as the average annual war expenditure.

The national capacity to bear war expenditures differ according to the economic structure and political situation of the particular nation concerned, and the above figures cannot be applied to all nations at all times. Granting this drawback, the application of the above standard upon Japan gives the following interesting results.

Japan’s national wealth was estimated by the Government Bureau of Statistics at ¥ 110,100,000,000 at the end of 1930, and it may be safely estimated at ¥ 120,000,000,000 to-day. Using the above standard, 46% of this estimated national wealth is ¥ 55,200,000,000, which means that Japan can bear
at that rate an average annual war expenditure of ¥13,800,-
000,000 for four years.

In the next place, the Japanese people's income at the end
of 1930, according to the same source, was valued at ¥10,600,-
000,000 and one may safely place it at ¥14,000,000,000 to-day.
Therefore, Japan can stand 81% of this figure or ¥11,340,-
000,000 a year as war expenditures.

Lastly, the annual saving power of the Japanese people,
according to Dr. S. Hijikata, Professor of Economics at the
Tokyo Imperial University, is about 15% of their income which
would be roughly ¥2,100,000,000 on the basis of the above
figures for the people's income. If this amount is multiplied
five times, we have ¥10,500,000,000.

The above figures are based upon Japan Proper alone. If
the figures for Chosen, Taiwan, and Manchuria are added,
Japan can easily bear an annual expenditure of 14 to 15 billion
yen. In the light of these figures, Japan, if forced to do so,
can issue government bonds amounting from 2 to 3 billion yen
several times a year and, even then, it still has enough reserve
power left. It is for this reason that Finance Minister Kaya
explained before the Special Session of the Diet that Japan's
economic power is not so small as to tax its whole capacity in
meeting the obligations of the North China Incident.

From the above considerations, the assertion that Japan's
economic strength cannot stand the burdens of the China
Incident appears to be merely a laughable sophistication. What,
then, would be the possible effect of the Incident upon Japan's
economic life?

Under the present unfavourable international balance of
trade, Japan's international balance sheet would lose its equili-
brium and invite a disastrous inflation if she should do nothing
to meet the enormous amount of munitions and commodities
required by the Incident. For this reason, the Government is proceeding cautiously in fashioning the national economic organization on a war-time basis. Its chief purpose is to maintain the equilibrium of the international balance sheet in facing the consumption by the Incident of an enormous amount of commodities and to help conserve the consumption of commodities which are not urgently needed so as to provide the commodities which are necessary for military consumption, and for the expansion of the productive capacity of munitions industries. Thus the Special and Extra Sessions of the Imperial Diet, besides approving the military appropriations totalling ¥2,500,000,000 took steps in legalizing various measures for war-time economic control. Among them, the most important are the Provisional Capital Regulation Law and the Provisional Export and Import Control Law.

The Provisional Capital Regulation Law aims to expand to the maximum limit, the productive capacity of munitions and related industries by regulating the capacity of munitions industries which is insufficient at present, thus enabling the proper digestion of enormous war expenditures and the ample production of munitions. It classifies the industrial activities of the country into three major classes: (a) those which are either directly or closely related to national defence; (b) those which are not vitally necessary at present, such as enterprises with overproductive capacities or industries turning out luxuries; and (c) those which do not belong to either one of them. It then recognizes in principle the new construction or the expansion of existing equipment only in (a) and not in (b) while it reserves the power to approve or disapprove the same in (c) in accordance with their relations with national defence or the international balance sheet at the time. It also extends the limit for the issuance of industrial bonds to ¥500,000,000
or twice the current limit, and thereby aids the supply of expansion funds by affording a favourable treatment to them. In this manner, it proposes to expand to the maximum limit the productive capacity of munitions and related industries.

The Provisional Export and Import Control Law invests in the Government the dictatorial power of supervising the trade on the basis of the following outline:

1. The Government is authorized either to prohibit or limit exports or imports by signifying the period and goods if such is deemed necessary for national defence or people’s economy.

2. In the above cases, the Government, when it recognizes a special necessity, is authorized to order necessary particulars concerning the distribution or consumption of export or import goods upon exporters and importers.

The greatest problem which concerns the people’s economy is, however, how much can the consumption of an enormous amount of munitions materials—war-time consumption and consumption for the purpose of expanding the productivity of munitions—and the supply and demand of commodities for the nation as a whole be modified and readjusted as a result of various policies adopted to assure them. The following points will become important in this connection. (1) What portion of the munitions consumption depends upon the imports and payment abroad? (2) How far can the internal supply of commodities be increased as a result of strengthening and expanding productivity? (3) How effectively can the control of the consumption of commodities through various methods adopted be realized? Some lights upon these points may be shed from the following considerations.

1. As a result of a sudden increase in the importation of munitions materials this year, specie began to flow out of
the country. This tendency must be eventually arighted. In this case, increased importation of munition materials must be met by prohibition or control of the importation of goods which are not vitally needed at the present time, thus effecting a proportional readjustment between the two.

2. With regard to the internally manufactured goods, the goods which are not vitally needed now must be checked in proportion to increased consumption of munition materials. Actually, however, increased production caused by the expansion of productive capacity will naturally help lessen the amount which necessitates control. In this manner, a radical change is forced upon the substances for immediate consumption but, with the successful realization of increased productive capacities of munitions industries and industries for manufacturing substitutes for imports, import control would be mitigated and internal consumption revived.

3. The above observations are based upon the supposition that the control of consumptions in the various fields can be satisfactorily enforced. The problem remains whether or not the enormously increased consumption of munitions can be met by the control of consumptions in the other fields.

At present the Government has adopted or is planning to adopt, roughly three methods for the control of consumptions: (1) postponement or economization by the Government itself of enterprises which are not immediately necessary; (2) suppression among the general public of new expansion programmes in enterprises which are not urgently necessary; and (3) control of consumptions in general. These three methods must be enforced as one to be effective, but (3) appears to be the most important. (1) and (2) can be easily realized technically and are already being realized through several legislations, but the results so far are meager. This is naturally so, as the Govern-
ment consumptions outside of military expenditures constitute a small portion in comparison with those of the general public. Moreover, room for economization is quite limited while the majority of general enterprises which are not urgently necessary already possesses an ample supplying power, and there is only a small need for new expansion. Moreover, the control of consumptions among the general public is at present largely practiced through the people's voluntary control, but, with the progress of the Incident, insufficient economization will appear in the form of constant rise in prices. As the rise of commodity prices above a certain level cannot be permitted, both from the point of view of the people's living standard and the execution of war, the Government, once sensing the rising trend in commodity prices, will try to control consumption by mobilizing all available methods. The Government and the people can cooperate closely in the future in meeting such a situation.

After considering the immediate effects of the China Incident upon economic circles, a question formulates itself as to the possible contribution which an enormous military consumption may have upon Japan's future economic development.

Generally speaking, two situations can be visualized in considering the effects of war upon the development of a nation's economy. The one is that of European countries after the World War, where, as a result of the War, each country received a heavy blow, invited malignant inflation and decrease of productive power, and experienced a penetrating impoverishment over a long period. On the other hand, the United States of America, although a belligerent Power, not only received an extremely light economic blow from the Great War, but, with the War acting as a turning point, rose from an
erstwhile debtor nation to a creditor nation and underwent a remarkable transformation from a nation of agriculture and light industry to a nation whose national economy centered upon a high degree of heavy industry.

Such a difference in the economic effects of the World War may be said to be due to a shorter period of the American participation in the War and a comparatively smaller amount of military consumption. But the more fundamental factor appears to be the difference in the stages of economic development. The European countries arrived at the maximum point of industrial development before the Great War, and there was little room left for further development after the War. And thus, enormous unproductive consumption resulting from the War reacted as a destructive influence upon the national economy of various nations. Against such a position, the American industrial economy at the time of the World War was undergoing a transformation from that of an agriculture and light industry to that of heavy and chemical industry. Naturally, the consumption of a large amount of wartime commodities accelerated the development of heavy industries, and the nation, at the same time bearing a heavy war expenditure during the War, saw an amazing economic development after the War.

The present stage of Japan's economic development, though it differs decidedly in available resources, is in general similar to that of the United States at the time of the Great War. With the Manchurian Incident acting as a turning point, Japan's national economy has been undergoing a transformation from the age of agriculture and light industry to that of heavy and chemical industry. Without going into a detailed discussion of the subject, the following statistics* may be used as eloquent proof:

24
### Amount of Production

<table>
<thead>
<tr>
<th>Industries</th>
<th>Amount of Production (¥ 1,000)</th>
<th>Percentage</th>
<th>Amount of Production (¥ 1,000)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile</td>
<td>3,352,560</td>
<td>30.9</td>
<td>1,926,800</td>
<td>37.2</td>
</tr>
<tr>
<td>Metallic</td>
<td>1,881,740</td>
<td>17.4</td>
<td>431,430</td>
<td>8.3</td>
</tr>
<tr>
<td>Machine and Tool</td>
<td>1,462,530</td>
<td>13.1</td>
<td>498,010</td>
<td>9.6</td>
</tr>
<tr>
<td>Chemical</td>
<td>1,813,870</td>
<td>16.7</td>
<td>816,550</td>
<td>15.8</td>
</tr>
<tr>
<td>Total, including others</td>
<td>10,836,890</td>
<td>100.0</td>
<td>5,178,130</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*From the Industrial Statistics of the Department of Commerce and Industry.*

Such being the case, Japan's industrial economy which is now gradually undergoing a transformation into heavy industry has a bright future ahead. In the light of such a background, the possible effects of the China Incident upon Japan's national economy may take the following form.

1. A large portion of the military and war expenditures will act as a fund for protecting and accelerating the development of Japan's heavy and chemical industries.

2. A large portion of the expanded munitions and fundamental industries, after replenishing the used munitions following the Incident, will be transformed to play a constructive role in peace-time industry.

3. Japan's power of investing abroad will increase when her industry is successfully transformed into the new basis of heavy and chemical industries. For, under the present economic structure, the power of investing abroad is determined largely by the manufacturing power of capital materials (such as products of heavy and chemical industries) of a given nation.

4. The Far Eastern countries are on the whole agricultural as yet, and industrial development is awaiting future attention. Naturally, the transformation of Japan's industry into heavy and chemical industries will find markets by offering capital aid to the industrial development in those countries.
Moreover, the industrial development of those agricultural countries will increase their purchasing power and will in turn contribute much toward the expansion of Japan’s export trade.

III. JAPAN’S INTERNAL REACTION

1. The Whole Nation Rallies to the Support of the Government

When news of the Lukowkiao clash, resulting from the unlawful firing on a unit of Japanese troops by soldiers of the Chinese 29th Army, reached Japan, both the Government and people, out of their sincere desire to avoid further bloodshed, hoped for a peaceful, local settlement of the incident through the prompt reconsideration of its attitude by the Chinese Government. This feeling was clearly manifested in the following policy adopted by the Japanese Cabinet at its special session on July 9:

1. Firm adherence to the policy of preventing aggravation of the incident.

2. Amicable settlement of the affair through reconsideration on the part of China.

In considering, however, the developments which took place after the incident, one cannot help saying that such a policy was taken by the Japanese Government due to its misconception of the actual conditions prevailing in China. Inasmuch as the Nanking Government adopted the policy of depriving Japan of all her vested rights and interests in China by joining hands with the Red Popular Front and as thousands of troops were poured into North China alone to show an extremely hostile attitude, what Japan should have done was to immediately despatch large reinforcements to North China and
deal a decisive blow upon the Chinese troops in order to force the Nanking Government to reconsider its attitude.

Instead of taking such a step, the Japanese Government, out of its sincere desire for a peaceful solution, firmly adhered to its policy of local settlement and non-aggravation, and did not decide upon the despatch of troops until July 11. As a result, the Chinese forces, over-confident of their strength and contemptuous of the numerically small Japanese troops, purposely aggravated the situation. The rapid worsening of the situation causing imminent danger to Japanese lives in North China became very apparent.

In view of these disquieting developments, members of the Cabinet met in an urgent session on July 11 when they unanimously decided to send troops to North China in order to forestall any untoward event that might lead to hostilities on a major scale and also to protect the lives and property of large numbers of Japanese nationals in the affected areas. The prudent attitude with which the Japanese Government viewed the alarming situation in North China may well be understood from the following statement issued by the Government at 4:00 p.m. on that day:

The Japanese forces garrisoned in North China have always maintained a calm and patient attitude toward successive anti-Japanese outbursts in North China. On the night of July 7, an unfortunate clash occurred when the Japanese troops were wantonly fired upon by soldiers of the 29th Army, which had been cooperating with our forces in maintaining peace and order in that region. This led to such an atmosphere of tension in the Peiping and Tientsin districts as to cause deep anxiety for the safety of the lives and property of Japanese nationals. However, the earnest endeavours of the Japanese authorities to localize the affair and prevent further aggravation succeeded in bringing the 29th Army·authorities to agree to a peaceful settlement.
On the night of July 10, however, soldiers of the 29th Army, in violation of the agreement, suddenly fired upon Japanese troops, causing considerable casualties. The Chinese have since pushed warlike preparations by increasing their forces on the front lines, by advancing troops stationed at Suiyuan to the South, and by sending forward troops of the Central Government. The Chinese have thus not only failed to evince any sincere desire for a peaceful solution, but have gone the length of flatly rejecting all of Japan’s proposals for amicable settlement, leaving no room for doubt that the present incident is the outcome of a well-organized agitation for warlike action against Japan.

There is no need of stressing the vital importance to Japan and Manchoukuo, of the maintenance of peace and order in North China. What is most urgently needed for the peace of East Asia is that the Chinese not only apologize for their most recent lawless actions and manifestations of antagonism to Japan, but give adequate guarantee against the recurrence of such outrages in the future. An important decision has been reached by the Japanese Government at to-day’s Cabinet meeting to take all necessary measures for despatching military forces to North China.

But, desirous as ever of preserving the peace of East Asia, the Japanese Government has not abandoned its hope that negotiations may yet assure the non-aggravation of the situation, and that prompt reconsideration on the part of China may bring about an amicable solution. The Japanese Government is, of course, prepared to give full consideration to the safeguarding of the rights and interests of the Powers in China.

*The Attitude of the Political Parties.* The tension over the North China situation caused the political parties, even the opposition Party, Shakai Taishuto (Social Mass Party), to pledge full cooperation with the Government immediately after its momentous decision to send military forces to North China was announced, showing once more that always in Japan the threat of hostilities from abroad has erased domestic political strife.
The Minseito and the Seiyukai, two major political parties, held a special meeting of their executives on the same evening the Government's decision was announced, and both adopted resolutions unanimously expressing approval of the Government's policy. The text of the Minseito's resolution follows:

The maintenance of peace and stability in the Far East as a whole and the establishment of the great principle of cooperation and co-existence have always served as the underlying cause of the Empire's mission.

But, lacking the foresight necessary to share our view concerning the whole of Asia, China has indulged in all sorts of insulting acts of antagonism against us, finally precipitating the present grave crisis.

Our party therefore will follow a policy of giving broad and unqualified support to the Government in its efforts to cope with the crisis, and sincerely expresses the hope that the Government will achieve complete settlement of the Incident and that the Chinese will, as soon as possible, come to reconsider their mistaken attitude.

The Seiyukai's statement was as follows:

The Government, at its meeting on Julv 11, reached the momentous decision to prepare for the despatch of additional military units to China. Our party fully indorses the timely step and will endeavour, in cooperation with the Government, to promote the sense of justice of the people and to encourage the national spirit so that the entire nation may be securely united behind the authorities.

The statement of policy issued by the Cabinet on July 11 is not merely an expression of the Government's will, but already that of the whole Japanese nation.

Our party is confident that China will eventually come to realize the Asiatic problem in its true light and in its entire aspects.

Representatives of independent groups in the Lower House met the following day (July 12), and after an exchange of views, adopted the following resolution:
We are firmly resolved to support the Government with all our strength and will hope that the Government will eventually obtain complete solution of the crisis.

Members of the Social Mass Party's central executive committee also held a conference on July 12, and unanimously decided that the party will fully buttress the Government in tackling the North China crisis along the announced lines.

The different political groups in the House of Peers met separately the day after the Government's announcement was made, and also unanimously agreed to support the Government in accordance with the spirit of national unity. Resolutions fully approving the Government's decision were likewise adopted by all the groups.

The Attitude of the Financial and Industrial Circles. Similar expression of approval and support of the Government's North China policy was manifested not only among the political parties, but also among the financial and industrial circles throughout Japan. The day after the Government's decision was announced, all principal and industrial bodies pledged to extend their fullest aid to the Government.

In Tokyo, the Japan Economic Federation and the Japan Industrial Club, sister institutions representing the Japanese financial interests, held a joint meeting of their directorates on July 12, and as a result of the discussions, unanimously passed the following resolution which was immediately conveyed to the Government.

The Japan Economic Federation and the Japan Industrial Club recognize that the action taken by the Imperial Japanese Government in connection with the present North China situation is really unavoidable for self-defence, and hereby resolve to give full support to the Government.

The same day the Tokyo Clearing House held a meeting.
of its board of directors, and the Tokyo Chamber of Commerce and Industry a general meeting, and adopted similar resolutions. Representing the shipping interests, the Japan Shipowners' Association also decided to cooperate fully with the Government. Many other leading financial bodies in Tokyo, including the Japan Trust Society, the Japan Life Insurance Association and the Savings Bank Association, likewise pledge their support.

In the Kwantai district too, all the leading bankers, industrialists, traders and businessmen of Osaka and Nagoya promised to support the Government to the fullest extent.

Meanwhile, Vice-Governor Juichi Tsushima of the Bank of Japan and Governor Toshikata Okubo of the Yokohama Specie Bank conferred with Finance Minister Okinori Kaya and promised their full cooperation with the Government for the maintenance of the yen's external value at 1s 2d and for the stabilization of the bond market.

_Japanese Popular Attitude_. Upon the announcement of the Government's decision to send troops to North China, the Japanese people, fully cognizant of the gravity of the situation, were swept by the fire of patriotism. Patriotic sentiment was strongly manifested both spiritually and materially.

From the very day the Government's decision was announced, thousands of people, forming long queues, thronged the War and Navy Ministries in Tokyo daily, to offer monetary contributions and comfort bags to bolster the spirit of those called to arms. Donations received at the two Ministries since the outbreak of the North China Incident up to August 31 (end of 50 days) had reached the huge sum of ¥16,215,979. Of this amount the War Ministry received ¥10,062,977, comprised of ¥3,408,168 for the soldiers' relief fund, ¥5,904,710 for the national defence fund, and ¥750,099 for the military
science and arts fund, and the Navy Ministry, ¥6,153,002, consisting of ¥1,590,171 for the naval personnel relief fund and ¥4,562,831 for the national defence fund. The above contributions were made by all classes of the people, rich and poor, young and old. In the meantime, mountains of comfort bags continued to pour into the two Ministries.

Centering at Tokyo, the popular drive for “war” contributions spread like wildfire throughout the length and breadth of the Island Empire. True to their functions as representative of the Japanese public in many lines, the newspapers throughout the country, numbering some 1,300 in all, took the leading part in the concerted drive for national defence funds and comfort bags. The fervour with which the Japanese public responded when the newspapers launched the drive for funds for the national cause, may clearly be seen from the contributions received by the following leading newspapers in Tokyo and Osaka.

Contributions for air force expansion being collected by the Tokyo and Osaka Asahi amounted to ¥5,774,520.00 by October 20. For the relief and comfort of the officers and soldiers fighting in China, the Tokyo Asahi had raised ¥94,128.97, and the Osaka Asahi, ¥174,667.04 by October 15.

The Yomiuri’s fund for the presentation of armoured cars and tanks to the Army had reached ¥300,791.30 on October 18.

Contributions being received by the Osaka Mainichi and the Tokyo Nichinichi for the comfort and relief of the officers and soldiers, the wounded, and their families totalled ¥831,089.20 and ¥680,473.60, respectively, up to October 20.

In addition to the monetary contributions, the newspapers throughout the country are literally being swamped with comfort bags.
The women of Japan were not to be left behind in the popular patriotic movement. In fact the greater part of contributions were collected through the unselfish and self-sacrificing agency of women.

A nobler part played by the women in their patriotic support of the nation was manifested in the form of gathering on a piece of sash a thousand stitches from a thousand women, to be worn by the Japanese officers and soldiers at the front. This is a unique Japanese practise called "senninbari." These "senninbari" convey two divine prayers, namely preservation of health and safety and national victory.

On street corners, at railway stations and other busy spots, familiar scenes of women are noticed daily gathering in intimate huddles—school girls, office girls, matrons and servant girls—with heads bent together over little strips of cloth upon which are traced a variety of patterns. Deft fingers can be seen going to work with thread and needle, each feminine passer-by invited to contribute one stitch or little knot. A smile and a bow completes this little labour of love, and the donor passes on to the next corner where the operation is repeated. Thousands and thousands of these "senninbari" have been sent to the Japanese soldiers fighting in China.

Among the numerous patriotic manifestations of the Japanese public, the following are picked at random from three leading vernaculars.

Tokyo Nichinichi

Sept. 14.—The Kabuki Theatre in Tokyo held a matinée performance on September 12, the proceeds of which, amounting to ¥501, were contributed to the Tokyo Nichinichi's fund for the comfort and relief of the Japanese soldiers in China.

Sept. 14.—Scores of members of the Volunteer Nurses'
Association of the Japan Red Cross Society are daily engaged in making bandages and hospital gowns for the wounded soldiers. On September 13, seven Princesses assisted them in this thoughtful activity.

Tokyo Asahi

July 21.—Mr. Masaaki Inuma and Mr. Kenji Tsukagoshi, who flew to London on the Kamikaze in record time last April, have turned over to the Asahi ¥ 30,286 which they received from admirers following their successful flight. The money will be given to the defence authorities for use in building military planes.

Sept. 14.—Carrying a bag containing ¥ 25.37 in copper coins, a 78-year old woman by the name of Sato Kitagawa trudged into the Tokyo Asahi at 3 o'clock this afternoon and requested that the money be spent for the comfort and relief of the soldiers fighting in China. She said that her son took part in the Russo-Japanese War but regretted that she had no other to be of service to the country in this current conflict. The above sum represented her savings of one sen daily since her 71st year.

Sept. 14.—Four representatives of the faculty and student body of the Seitoku Girls' Commercial School called at the Asahi to-day and contributed ¥ 459 to the Asahi's warplane fund, which, they said, represented their savings during the summer vacation.

Sept. 14.—Four girl pupils of the Akabane Primary School presented ¥ 15.62 to the Asahi to-day, stating that they had collected the money on Ginza Avenue.

Osaka Asahi

Sept. 15.—Patriotic sentiment is running high even among
the 50,000 convicts in penitentiaries throughout the country. Since the outbreak of the North China Incident, they have been contributing to the war funds what little money they had earned.

Sept. 15.—A certain youth living in Kanda, Tokyo, whose elder brother is serving a sentence, has sent a letter, written in his own blood, to the Minister of Justice, pleading that he be imprisoned in place of his brother so that he may serve the nation by joining the Japanese forces fighting in China.

Sept. 15.—Defendants awaiting trial in detention cells in Tokyo have requested the police authorities to give them any kind of work which will be of service to the country. At present approximately 200 defendants are engaged in knitting socks (for soldiers) and other useful work.

Sept. 15.—One dark night a middle aged woman was seen cycling on the Tsukudo Primary School grounds in Ushigome, Tokyo. She mounted the bicycle, but was unable to hold her balance and immediately fell. This act was repeated time and time again until she finally fell down so badly with the bicycle that she was unable to rise.

The school gateman who was nearby closely watching her, ran up to her and was surprised to find her knees bleeding. After stopping the bleeding, he asked her why she had been practicing cycling at this time of the night. The woman replied:

I am a greengrocer's wife and have four children; the eldest one, who is a girl, is only 8 years old. I do not know when my husband will be summoned to the colours, but when he is ordered, I do want to show him that I can well support the family and that he will have nothing to worry and will be able to put body and soul into the fighting. It is my duty as a wife to relieve his anxiety while he is in service. I am practicing cycling so that, besides
looking after the store, I will be able to go round to take orders.

2. Resident Foreigners Manifest Support

It was seen in the foregoing section that the utmost sincerity and unanimous support were given the Government by the people of Japan. It was this burning patriotic spirit behind the men under arms that sent them storming through the enemy many times their own strength, under murdering climatic conditions. On, on they charged, ever confident that their people at home were back of them, calling for victory that will restore peace and righteousness in the Far East.

Not to remain idle nor indifferent, resident foreigners and travellers in Japan have also included themselves in the exalting procession of patriotism. Moved by the dauntless spirit of the Japanese on the field, and the pure devotion at home, these foreigners have sincerely manifested their support of the stand of justice of the Empire of Japan. The following is an extract of the countless number of instances that command special attention.

(i) On September 30, a certain Mrs. Grables, wife of a retired lieutenant-colonel of Scotland, visited the Miyakezaka War Office through drizzling autumn rain, and presented the sum of £60. Mrs. Grables was deeply impressed by the virtuous conduct and discipline of the Japanese soldiers in Shanghai when she visited there in the course of a round the world tour with her husband and witnessed the raging hostilities at first hand. On August 20, she contributed ¥200, made another donation of ¥510 on September 23, and finally presented the aforementioned £60 (£50 as her contribution and £10 as her husband's gift) upon her departure from Japan. The Minister of War, General Sugiyama, deeply regretted his absence, and
that he was unable to be on hand to extend personally, the
gratitude and appreciation in behalf of his Ministry and the
whole nation. A letter of thanks was consequently addressed
to the kind donors from abroad. Needless to say, the Japanese
people's gratitude was beyond words.

(ii) On September 30, Mr. Paul Timme, director of the
German Steel Corporation of Marunouchi, Tokyo, called on the
War and Navy Ministries and presented ¥1,000 each for the
Japanese cause. Mr. Timme has been a resident in Japan for
the last twelve years, and is an ardent supporter of the
Japanese.

(iii) Mr. R. Jensen (Estonian), director of the Jensen
Factory in Omori, Tokyo, is accredited with a touching episode.
A certain Okazaki Sannosuke, a temporary employee at
the firm, was ordered to active duty in China, and soon left
to report for duty. When his train left Omori Station, the
entire employees were on hand to bid their comrade farewell,
and at the head of this grand send-off was Mr. Jensen himself
who had called off a holiday in Okazaki's honor. Okazaki was
only a temporary employee, but regardless of this status, Mr.
Jensen generously arranged for the continuous payment of the
workman's wages during his service on the field. Leaving his
wife and five children at home, the deeply moved Japanese
answered the call to arms by his Government whole-heartedly
without any family attention dimming his glorious service at
the Chinese front. Following this memorable event, Mr. Jensen
organized a brass band from among his employees, allotting
hundreds of yen for the purpose. After vigorous rehearsal
sessions since the beginning of September, it was decided by
Mr. Jensen that his band be present at send-offs of all soldiers
from Omori Station.

(iv) On August 17, Mr. Paul Malesa of Azabu, Tokyo, a
representative of the Roman Papal State, called on the Foreign Office and made a statement to the following effect:

I cannot conceal my gratitude toward officers and men of the Japanese forces. I would like to make this contribution to comfort the men of your country.

He kindly presented ¥300.

3. Protection of Resident Chinese Nationals in Japan

Japanese subjects residing in China were subjected to deliberately cruel treatment that not only jeopardized peaceful pursuit of occupation and commercial transactions, but also endangered their very lives. So dangerous was the situation, that practically all Japanese subjects were compelled to relinquish all property and holdings, for the possession of which they toiled day and night in a foreign land under untold hardships, and evacuated their dwellings for safer localities. In the face of the Tungchou massacre, a thing that no normal human being could have done under any circumstance, resident Chinese nationals in Japan are accorded the fullest and absolute protection. These Chinese dread the day when Nanking should call upon them to return home, since it is apparent that China is no place to stay, homeland or no homeland.

Before the outbreak of hostilities, there were approximately 29,000 Chinese residing in Japan. Of this total, students numbered 6,000, while merchants, cooks, tailors, barbers, etc., made up the remainder. Of those that returned home, students naturally topped the figure since most of them went home anyway for the summer vacation. About 20 or 30 members of the Blue Shirt Society, and about the same number of the C. C. Society, and a sprinkling of communistic elements were included in the list that had "gone home." Kuo Mo-jo, a noted
communist who had spent an exiled life in Japan, also saw to it that he got back. Perhaps there are some anti-Japanese elements still remaining, but in general those that decided to stay are all mild in nature. They are all of the mind of staying here regardless of how serious the Incident might develop into, a fact that gives sufficient proof that the Japanese people are a kind and hospitable lot, that they are a people worthy of a first class nation with a high standard of morality. There are some episodes that are particularly worth mentioning.

(i) Huang Ming-cheng, a student (from Kiangsi Province, China), at the Tokyo Imperial University, comes from a wealthy country family, but in 1929, all his family members were killed by communist bandits. Leaving his inherited property of 2,450 acres in the custody of his uncle, he came to Tokyo last March and took up the study of forestry in the Department of Agriculture and Forestry. Upon the outbreak of the China Incident, the regular monetary allowance from home ceased to come, leaving Huang at a loss. Apparently he saw no way of going back upon the commencement of summer vacation, and to stay in Tokyo without money seemed equally miserable. He tried the Chinese Embassy for some kind of relief, but met a flat refusal. Hearing of three Chinese students returning home, he pleaded to them, but they showed no sincerity to help their comrade in distress. When this sad story reached the ears of Mr. Nagata (Japanese), a research fellow at the University, he felt deeply sympathetic toward the helpless student, and on August 17, gave the latter ¥100 for the sorely needed purpose. It is said that Huang simply stood before his kind benefactor in mute emotional gratitude.

(ii) Mr. Kumaji Tokui, principal of the Honda Primary School, Osaka, has done much to develop friendly attitude and
to insure proper treatment of Chinese children in his school. He made the following statement:

In the special section of the Asahi, there were many pictures portraying old Chinese women offering fresh water to our soldiers, and some showing our men giving them delicious food, while still others depicted groups of Chinese children highly overjoyed by candy gifts of our men. These illustrations are invaluable as material for our daily instructions, and more than amount to a million schoolroom words. As you already know, there are some 15 Chinese students in our regular session, and about 30 in our evening session. We are always working toward the development of a friendly attitude between our people and the Chinese, and are doing our best to find employment for the Chinese graduates in cooperation with the police. Our Japanese children are taught continually, “Do not mistreat your friendly neighbours (Chinese), pay strict attention to your oral usages in speaking to them, befriend them and love them.” We are very glad that our Japanese students faithfully carry out our daily teachings.

(iii) Interpolations regarding protection of resident Chinese nationals took place in the Special Appropriations Session of the 71st Diet.

Mr. Kawasaki (Minseito): “Anti-Japanese insults and prejudices widely prevalent in China must be exterminated from the very root. Although war has not been formally declared, a state of war now exists in China, but those Chinese nationals residing in our country are given full protection of life and property while on the contrary, our subjects in China are subjected to insulting aspersions and extreme danger. Therefore, is it not necessary that we issue a statement to make known our fair and just attitude and activities to the nations abroad, and to make clear our stand, that we protect all non-combatants not indulged in anti-Japanese propagation?”
Foreign Minister Hirota: "It is an international practise to accord full protection to non-combatants as much as possible during warfare. In the present Sino-Japanese conflict, Japan is working for the localization of hostilities and the speedy settlement of the differences at issue. Our Government does not entertain the slightest notion of conducting an extensive war against the entire people of China. We were compelled to make a strong determination by those radical Chinese elements that propagate and incite erroneous anti-Japanese thoughts among the Chinese people, and in consequence obstruct friendly Sino-Japanese cooperation in the Far East.

"Instructions concerning protection and treatment of Chinese nationals were issued at the Gubernatorial Conference. I instructed the Japanese people in this critical situation, to remember that they are subjects of a great nation and that they act accordingly, giving full protection to the Chinese residents throughout our country at all times."

* * * *

Blessed by the kind acts of their fellow countrymen and more thankful, by the sympathetic manifestations of foreigners' support, the courageous men marching under the flaunting banner of the Rising Sun, add more audacity and morale to their military activities, and build a strong belief that their lives need not be sacrificed in vain, for is there better proof to show that they are fighting for justice; for a virtuous cause?

Such whole-hearted and unanimous support of the entire nation, as shown by the examples cited, vividly portray the tendency of the Japanese to place themselves en bloc behind the policy of their Government. It must not be interpreted that these manifestations simply represent the traditional
Japanese spirit of nationalism nor as their lust of war to carve pieces of territory with the knife of aggression. Every man, every woman, and every child firmly believes that the course of action, or the resort to arms by their country for the salvation of the Far East, is the rightful step to take.

As noted above, Japan is not only concerned with her vital economic interests in North China, but a concern of greater importance lies deeply imbedded in the hearts of the Japanese. Is there, after all, a graver problem before any state than that of maintaining and safeguarding its very existence? With North China, nay, all of China stirred into feverish campaign for Chiang's nationalism and communism sacrificing Japan's friendship and good faith at the altar of red propaganda. Can Japan rest assured that her insular empire will be left unmolested by the far reaching, devastating fire of the disguised Chinese nationalism now raging on the continent, which, should it take the feared effect would amount to nothing more than gross Asiatic inter-racial suicide? Will she permit such a catastrophe to befall upon the millions of peace loving peoples, without first putting up a brave fight, she is now fighting?

With North China in safe and peaceful hands, and blessed with warm Sino-Japanese parental care, ready at all times to slash the winding, entangling coils of the Comintern octopus, China and Japan has everything to gain and nothing to lose. Do the people of China realize that? Unfortunately they do not, and that is just what Nippon is trying to remedy. This, and none other is Japan's fundamental policy. By crushing the malevolent, treacherous Government of China, Japan hopes to emancipate the Chinese people from the death bonds of communism, and to reawaken those from the slumbers of a misconceived utopia.
Confident that their Government will accomplish this happy but trying transformation, the Japanese nation responded in full force to back the sacred crusade for great salvation with blood and money.

It is true that personal confidence placed in Prime Minister, Prince Konoye, has speeded unanimity. It is his first experience as a minister of state, but his political abilities are immeasurable. His belief in international sincerity and amity, his liberal political ideals, and his respect for parliamentary government command no little praise and respect. Unfortunate as it is that the China Incident broke out during his administration, Japan is still fortunate with so capable a statesman at the helm.